

Message Text

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TAGS: PFOR, NATO, UK

SUBJECT: UK DEFENSE REVIEW

1. SUMMARY: IN A SPEECH MORE CONGENIAL TO MANY TORIES THAN LABOR BACKBENCHERS, DEFENSE SECRETARY MASON ON 13 MAY DELIVERED SOBER AND THOUGHTFUL STATEMENT ON NATIONAL DEFENSE TO COMMONS THAT EMPHASIZED NEED TO MAINTAIN BRITISH (AND NATO'S) STRENGTH IN THE FACE OF UNDIMINISHED WARSAW PACT THREAT, THE IMPORTANCE OF HOLDING BUDGETARY CUTS TO THE ABSOLUTE MINIMUM, AND THE DEPTH OF THE DEFENSE REVIEW NOW BEING CONDUCTED BY THE DEFENSE STAFF. END SUMMARY.

2. DEFENSE SECRETARY MASON SPOKE AT SOME LENGTH ON 13 MAY IN COMMONS ON DEFENSE REVIEW NOW BEING CONDUCTED BY DEFENSE STAFF. ALTHOUGH MASON INDICATED THAT GOVERNMENT HOPES MAJOR CUTS -- "SEVERAL HUNDRED MILLION POUNDS TO OPERATE FROM 1974" -- CAN BE MADE, THE BURDEN OF HIS REMARKS STRESSED THE NEED FOR BRITAIN AND NATO TO REMAIN STRONG AND VIGILANT IN THE FACE OF THE WARSAW PACT BUILD-UP AND ATTITUDES TOWARD EUROPE. THE TONE OF MR. MASON'S REMARKS WAS GREETED WARMLY BY MANY TORIES AND WAS CLEARLY ODIUS TO LEFT-WING LABORITES, MANY OF WHOM SAT SULLENLY

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AND UNCOMFORTABLY THROUGHOUT THE SPEECH AND EXCHANGES

THAT FOLLOWED.

3. MASON SAID HE HAD NO INTENTION OF MAKING ENORMOUS UNILATERAL CUTS IN DEFENSE SPENDING AND HE DID NOT BELIEVE THESE WOULD TAKE PLACE. WHILE HE WAS HOPEFUL THAT THE DEFENSE REVIEW WOULD PERMIT THE SAVING OF "SEVERAL HUNDRED MILLIONS OF POUNDS" ON THE DEFENSE BUDGET IN FUTURE YEARS, SAVINGS FOR 1974 COULD ONLY BE FOUND BY DELAYING ORDERS ALREADY PLACED, BUT HE SUGGESTED OPPORTUNITIES FOR SUCH SAVINGS WOULD BE EXTREMELY LIMITED. HE POINTED OUT THAT MAJOR REDUCTIONS IN THE 1974 BUDGET COULD ONLY CRIPPLE BRITAIN'S ARMED FORCES, A PROCESS THAT WOULD RAPIDLY LEAD TO SIMILAR CUTS WITHIN THE ALLIANCE AND THE REDUCTION OF WESTERN EUROPE TO "A SORT OF FINLAND".

4. COMMENT: MR. MASON'S SPEECH SEEMS CERTAIN TO WIDEN DIVISIONS WITHIN THE LABOR PARTY OVER BRITAIN'S DEFENSE EFFORT AND MAY PRESAGE A STRUGGLE WITHIN THE CABINET OVER RESOURCES ALLOCATION. IN THIS CONNECTION, CHANCELLOR HEALEY SET FORTH HIS ANALYSIS OF THE DEFENSE SITUATION IN A 10 MAY PRESS BACKGROUNDER: BRITAIN IS THE ONLY EUROPEAN COUNTRY WITH FORCE COMMITMENTS IN THE MEDITERRANEAN, ATLANTIC AND NORTH SEA AREAS; ON THE BASIS OF GNP, BRITAIN ALLOCATES 50 PERCENT MORE TO DEFENSE THAN DOES THE FRG; WITH ECONOMIC PROSPECTS DIM (BRITAIN WILL BE RELATIVELY POORER THAN ITALY BY 1980), HMG CANNOT CONTINUE TO SUPPORT THIS LEVEL OF MILITARY COMMITMENT; AND, THEREFORE, HMG WILL BE TALKING WITH ITS ALLIES LATE THIS SUMMER TO COORDINATE THE CUTS THAT MUST COME SO THAT THEY WILL HAVE MINIMUM IMPACT ON THE ALLIANCE.

5. THUS, THE ISSUE OF DEFENSE SPENDING IS TAKING SHAPE WITHIN THE LABOR CABINET. SECRETARY MASON HAS PROMISED THAT THE DEFENSE REVIEW WILL BE COMPLETED BY AUTUMN, WITH A DEFENSE WHITE PAPER EXPECTED TO BE PUBLISHED IN OCTOBER OR NOVEMBER. OUR CONTACTS WITHIN THE MOD TELL US THE REVIEW IS PROGRESSING WELL AND THAT DECISION POINTS HAVE QUICKLY EMERGED. NEVERTHELESS, THERE SEEMS CONFIDENTIAL

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TO BE WIDESPREAD AGREEMENT THAT POSSIBLE SAVINGS THROUGH EXTRA-NATO CUTBACKS AND PROCUREMENT STRETCHOUTS ALONE WILL NOT SUFFICE TO ACHIEVE THE BUDGETARY REDUCTIONS REQUIRED.

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